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SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES:

Preparatory process for the Conference

# THE ILO CONTRIBUTION TO THE SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES

Contribution by the International Labour Office

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# The ILO Contribution Second United Nations Conference on the Least Developed Countries

## Preparatory Committee for the Conference Geneva 26 March - 6 April 1990

1. This paper is a review of the ILO implementation of the Substantial New Programme of Action (SNPA) for the Least Developed Countries within their fields of competence and proposals for further action as an input to the preparation for the Second United Nations Conference on the Least Developed Countries in Paris in September 1990. The first part of the paper will briefly examine the overall situation of the LDCs in the areas of particular concern to the ILO. The second part will describe a cross-section of technical co-operation activities undertaken in recent years. The third part will outline the ILO's proposed action in the 1990's.

## I. Overview of the Problems in Areas of ILO Competence

2. The main areas covered : poverty, employment and manpower, human resources development and participatory approaches to reach development objectives.

3. Most LDCs have experienced a serious deterioration of levels of living and increases in poverty over the last few years. Real incomes at the household and family level have declined sharply within the genegal fall in per capita income. Malnutrition, already a serious problem in the 70s, has risen in the wake of food shortages and near famine conditions in many LDCs. In several LDCs, the poorest groups have been facing considerable deprivation in terms of basic needs and the lowering of a wide range of social indicators. Critical poverty levels, however defined, have been steadily rising in some LDCs.

4. The major employment problems faced by the LDCs derive from their adverse economic performance during the past decade. Per capita income growth was negative in most countries during the 1980s and a heavy burden of external debet was accumulated. While economic growth has stagnated, population and labour force growth has continued to be exceptionally high. Population growth typically exceeds three per cent per annum and levels of labour force growth have been even higher. This has created a servere problem of employment and labour absorption. The depressed economic conditions of the past decade have led to an increase in open unemployment and underemployment. At the same time the demand for labour has not been stimulated to relieve the accumulated unemployment or to absorb the growing numbers of new entrants to the labour force generated by high population growth. Continuing increase in unemployment along with increasing income inequality have contributed to the overall rise in poverty.

5. Within this overall unfavourable situation, several specific manpower problems can be identified. Most countries have experienced serious shortages of high level manpower while there has been a surplus in other categories. The degree of mismatch has varied among countries and has resulted on the whole in the underutilisation of their manpower potential. In many cases, there has been a disharmony among macroeconomic, employment and education/training policies. The depressed economic conditions have led to a decline of the modern sector which is already quite small in several countries. Even so, its absorption capacity have been further limited. To add to this, retrenchment of educated and trained workers from the modern sector has been a widely observed phenomenon. A major part of this has been the retrenchment of public sector employees as a consequence of large and unsustainable fiscal deficits. These developments have sometimes implied an underutilisation of human resources as trained personnel are diverted to unemployment or to lower productivity jobs in other sectors. On the other hand, both agriculture and urban informal sectors have to rely on less educaed-less trained manpower with adverse effects on productivity, adaptation of technology and entrepreneurship.

6. A related problem has been the fall in productivity among workers, as a result of a continuous decline in real wages which has created pressures to engage in subsidiary economic activities as part of survival strategies. The wage adjustments have also often resulted in an extreme narrowing of wage and salary differentials among key categories which have had an adverse impact on the utilisation of skilled personnel.

7. Another negative development has been the cut-back in expenditures on the social sectors and programmes including education and training as part of efforts to close large fiscal deficits. This will have longer-run negative effects on the development capacity of these economies.

8. The problems of the African LDCs - which represent two-thirds of the total number of LDCs - have been further exacerbated in the last decade because of adverse weather conditions. As a result, in most of them food production has falled from what was a very precarious production base. Since at the best of times per capita food production was not much above self-sufficiency levels, the drop in output (of the order of 10-15% has meant famine and malnutrition for many sections of the African population especially the vulnerable groups. Overall, living standards have falled sharply. The prevalence of self-employment in the rural areas (70% to 80% of the population in the African LDCs is in the agricultural sector), the fall in agricultural prices and the growth of large informal sectors have brough about allround reduction in incomes both in the urban and rural sectors. Income declines have been particularly severe for the urban wage earners in many of these countries in the last decade. Despite several years of structural adjustment programme, including reduction in government expenditure, price reforms and devaluations, the hoped-for turnaround in agriculture exports has not materialised while the plight of the vulnerable groups has worsened, often as a result of these programmes. Most of these countries have experience such a massive detrioration of the infrastructure that remunerative prices alone will not remain the main constraint to increased production. In the meantime, rising food prices (through removal of subsidies) and imports (through devaluation) have further hurt the urban and rural poor as well as the wage-earning classes.

9. Another adverse factor which has contributed to the already difficult situation in many of the African LDCs - more so than in other regions - has been the impact of massive refugee movements. Indeed, Afric's refugee population has now reached the size of an average State. By far the largest concentration of refugees in the world is found on this continent. The more the periods of strife or famine linger, the more refugees become quasi-settlers in countri[illegible] that did not count on including them in their development programmes especially employment or training activities but for whom some income-generating activity must be created. In addition to refugees, a number of countries face the problem of internally displaced population as well.

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10. A large number of factors have thus compouned the already difficult problems of socioeconomic development in the LDCs. Their effect on poverty levels, which were already high, has been very severe. The poor and vulnerable groups have, in many countires, borne the main burden of the economic downturn including recent structural adjustment programmes. The increasing marginalisation of the poor has emerged as the most urgent human problem in most LDCs.

11. While people are the ultimate object of any social or economic policies, they are also the main actors in generating and implementing them. And unless they become capable of performing these roles, external assistance can only play a marginal role. The development of human resources is, thus, both a major goal and a means to improve the human condition. This is a special priority for the LDCs. The strengthening of national capacities and self-reliance should be at the forefront of any forward looking national policy. In turn, policies and programmes for human resources development on the one hand and their full and productive utilisation on the other have assumed added importance.

12. ILO work has shown that in any programme for the resumption of economic growth with equity in the LDCs, human resources development should constitute an important and integral part; in some cases, adequate action on key issues in this sector must precede macroeconomic action. In the past, human resources policies have taken inadequate account of the extent to which fiscal, monetary, wage and investment allocation policies affect the overall framework for the development and utilisation of manpower. Sometimes, it has been difficult to reorder priorities because the main responsibilities in this sector are shared by a wide array of organisations among whom co-ordination has proved to be problematic.

13. Even if priorities were to be realigned in favour of human resources, it appears that with the current economic situation, additional financial resources would be extremely limited in most LDCs. In particular, cutbacks in resource allocations to the public sector and to social sectors as a consequence of recently adopted structural adjustment programmes have tended to restrict the possibility of both poblicy and programme changes. The focus, thus, should be on the fuller utilisation of existing investments, resources and facilities.

14. There are a number of specific problems which need to be specifically addressed. Among these, one cluster relates to the target groups, e.g., youth and women. A second concerns internal structural balance in the programme including the size of different components in the education and training system. An especially urgent aspect in the LDCs is that of quality and the related need in upgrading teachers/instructors as well as instructional material and curricula. Specific problems of urban and rural training need separate attention. The training and development of middle-level and high level supervisory, technical, managerial and administrative personnel is an urgent task. The problem of school leavers, in the context of low enrolment rates, and their entry into the labour market needs to be looked at both from social policy as well as economic policy aspects.

15. The active and definitive participation of the people in the planning and programming of development is considered by the ILO to be a prerequisite for the success of national strategies. One essential component in this approach is the involvement of the social partners, the employers and workers, in national development efforts. A second component is the active promotion of people's organisations to enable them to assume developmental responsibilities in particular to supplement and support the national machinery for planning development at the local level in particular, the management of local resources. In the LDCs, this latter aspect is of special importance in view of the weak adminsitrative structure. The gaps created by recent cuts in public sector expenditure need to be filled by voluntary organisations and institutions at the local level including co-operatives.

## II. ILO Technical Co-operation Activities in LDCs

16. The LDCs continue to be a focus of increasing attention in the ILO's technical co-operation programme through national and regional projects financed by UNDP, trust funds and the ILO Regular Budget for Technical Co-operation. While overall resource constraints continue to affect ILO activities, the growing importance attached to the LDCs is reflected in an increase in the overall share of LDCs in tehnical co-operation expenditure. During the period 1984-88, ILO technical co-operation expenditure in LDCs totalled $170 million, constituting on an average 34 per cent of the entire ILO technical co-operation programme.

17. ILO Technical Co-operation and advisory services cover a very wide range. They include analytical work, country and sector reviews as well as macro economic and policy advice. These efforts are specially directed to LDCs at their request. In addition, multi-disciplinary programming missions have been undertaken in a number of LDCs during a framework for comprehensive development such as Bangladesh, Chad, Ethiopia, Gambia, Haiti, Mali, Mauritania, Nepal, Niger, Somalia, Sudan.

18. Among the different types of technical co-operation activities, assistance in relation to structural adjustment programmes has figured prominently, for example, in Benin, Gambia, Guinea-Bissau and Tanzania. The problem of retrenched public employees is the focus of attention in a number of countries. A large number of projects address themselves to the strenthening of national capacity in comprehensive employment and manpower planning (Bangladesh) while others focus on direct programmes for employment and income generation. In the latter category are labour-intensive public works projects now operating in 28 LDCs. These projects are particularly relevant to LDC needs as they are based on the development and effective use of local resources, in particular unemployed and underemployed labour, local material and local managerial and technical technical capacities. The schemes aim at employment and income-generation, through the cost-effective construction of infrastructural and other assests to strengthen the productive capacity of low-income groups and improve their working and living conditions. Local resource-based programmes with longer-term resource management approaches, are also of primary importance and interest to those LDCs which have experience environmental degradation of land, forest and water resources because of natural cataclysms or to those which have suffered destruction of basic infrasture because of man-made disasters.

19. A substantial number of ILO projects in the area of employment have focused on the design and implementation of programmes and policies in support of the informal sector (Benin, Mali, Mauritius, Niger, Rwanda, Togo). They have included the promotion of handicrafts and cottage industries and measures aimed at raising productivity, incomes and employment in the urban informal sector through participatory and TCDC approaches. For example, an exchange of visits between artisans and instructors in Togo, Mali, and Burkina Faso in 1987 led to a transfer of technical know-how, organisation and management. Similar efforts at the development of entrepreneurship, small businesses and enterprises are in operation in a number of LDCs (Bangladesh, Lesotho, Gambia, Malawi).

20. Another cluster of projects has promoted popular participation in development. Projects with employers' and workers' organisations aim to strengthen their capacity for participation in national development planning and policy-making (e.g., Bangladesh, Lesotho). Assistance in this regard is also being provided through a number of inter-country projects which emphasize TCDC. Rural participatory organisations are being promoted in a number of LDCs at the grass roots level and in several cases co-operation with indigenous NGOs is being strengthened. A third major area of ILO technical co-operation activities in LDCs revolves around the development of economically viable and democratically managed co-operatives and co-operative type organisations through grass-roots participatory structures. Projects are presently operational in several countries (Botswana, Gambia, Haiti, Mali, Mauritania, Nepal, Niger, Togo). Target groups are the self-employed in the rural and urban informal sectors, women and youth. The co-operative development activities in the rural sector include the establishment of societies for the supply of agricultural inputs, the marketing of agricultural products and livestock, rural consumer societies, co-operative savings and credit societies, co-operative banking system and rural producers' societies engaged in food processing and cottage industries.

21. Special emphasis has been placed on promoting the participation of women in development in the LDCs. The project in Bangladesh on the training of rural women in management skills or the African regional project on improving the African women's role in informal sector production and management are examples of sector-specific activities. Projects for women artisans in Burkina Faso, Equatorial Guinea and Laos aim at assisting specific groups of women workers. The ILO has also examined a range of issues involved in women's access to land in Africa, a study which covered some African LDCs. Women's access to training in the LDCs has been another focus of attention.

22. Currently, ILO supported training efforts at the management level in LDCs are striving to reach out to widely scattered, poorly organised informal sector enterprises and to reorient existing management training institutions towards private enterprises. Owing to pressures generated by adjustment policies, programmes for supporting the public and semi-public sector have focused on management capacity to enhance efficiency and productivity. Parallel to these efforts, existing management training institutions are being equipped to meet the needs of private enterprises and of the informal sector, and are also being assisted to become self-reliant in the provision of services relevant to clients.

23. Vocational training activities have increasingly concentrated on training for rural development: training people to enhance their productivity and income opportunties, on and off the farm. Particular emphasis is given to womem who, in fact, represent the single most important group of produces but whose access to training does not correspond to their relative weight in the world of work. One example is a training and support centre in Lesotho for rural women's income-earning activities; another, a pilot project in Nepal on training for rural gainful activities (TRUGA) which developed a training methodology applying a system approach to the desing and implementation of vocational training oriented towards self-employment and income-generation of disadvantaged groups.

## III. Future ILO Action

24. The ILO will continue to be guided in its future role by decisions adopted by intergovernmental bodies and will continue to expand its activities within the framework of UN system activities. In particular, the main objective of ILO action will be increasing national capacities and self-reliance in partnership with the LDCs in response to their needs and priorities.

25. Among the major components of ILO action in the 1990's, the following may be mentioned :

- continued effort at improving data collection and analysis at the national level to strengthen employment, manpower and human resource development planning;

- country and sector review work and policy advice in labour and social fields through the ILO field structure including its regional teams and centres and network of regional technical advisers, as well as through the United Nations field structure in general;

- greater focus on training of national personnel in critical management, supervisory and operational skills, entrepeneurship and self-employment, and on training of trainers;

- assistance in promoting social consensus through projects for employers and workers and their organisations, and special emphasis on participatory development.

26. In particular, ILO would aim at strengthening national capacity in the LDCs for the better assessment of internal needs and priorities in social and labour fields, especially employment promotion and human resources development.